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COMPANIES FORM No. 395

Particulars of a mortgage or charge

395

A fee of £10 is payable to Companies House in respect of each register entry for a mortgage or charge.

CHFP025

Please do not write in this margin

Please complete legibly, preferably in black type, or bold block lettering

*insert full name of Company

Pursuant to section 395 of the Companies Act 1985

To the Registrar of Companies
(Address overleaf - Note 6)

For official use

Company number



610095

Name of company

* Waterstone's Booksellers Limited (the "Company")

Date of creation of the charge

23 May 2002

Description of the instrument (if any) creating or evidencing the charge (note 2)

Standard Security dated 15 May 2002 by the Company in favour of the Bank (as hereinafter defined) (the "Standard Security")

+ info

Amount secured by the mortgage or charge

The payment and discharge of the Secured Liabilities in terms of the Security Agreement.

(All capitalised terms not defined in this Form 395 are defined in the Schedule annexed hereto)

Names and addresses of the mortgagees or persons entitled to the charge

The Royal Bank of Scotland plc, 36 St Andrew Square, Edinburgh acting as facility agent in terms of the Credit Agreement between *inter alia* HMV Group plc and the said Royal Bank of Scotland plc in its various capacities dated 24th day of April 2002 (the "Facility Agent")

Postcode EH2 2YB

Presentor's name address and reference (if any):

Tods Murray WS
66 Queen Street
Edinburgh
EH2 4NE

RMM.FPM.NXS.R0507.086

Time critical reference

For official Use
Mortgage Section



PMO
COMPANIES HOUSE
001
COMPANIES HOUSE

P9R41002

0166
06/06/02
0010

ALL and WHOLE the tenant's interest in the lease between Confederation Life Insurance Company and W H Smith Limited dated Sixth and Thirteenth August and registered in the Books of Council of Session on First September all in the year Nineteen hundred and ninety two and recorded in the Division of the General Register of Sasines applicable to the County of Midlothian of even date with the recording of the Standard Security of those subjects known as and forming Unit 1, 127/128 Princes Street, Edinburgh together with the Company's heritable fixtures and fittings in and upon the said subjects, the whole parts, privileges and pertinents thereof, the whole rights common, mutual and sole relative thereto, the goodwill so far as heritable of the said subjects and the Company's whole right, title and interest present and future therein and thereto.

(All capitalised terms not defined in this Form 395 are defined in the Schedule annexed hereto)

Please do not write in this margin

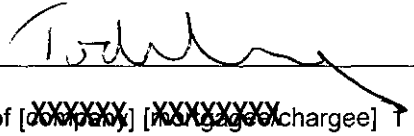
Please complete legibly, preferably in black type, or bold block lettering

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95

Particulars as to commission allowance or discount (note 3)

Nil

Signed



Date

6-6-02

On behalf of ~~XXXXXX~~ ~~XXXXXXXX~~ [] []

A fee of £10 is payable to Companies House in respect of each register entry for a mortgage or charge. (See Note 5)

† delete as appropriate

Notes

- 1 The original instrument (if any) creating or evidencing the charge, together with these prescribed particulars correctly completed must be delivered to the Registrar of Companies within 21 days after the date of creation of the charge (section 395). If the property is situated and the charge was created outside the United Kingdom delivery to the Registrar must be effected within 21 days after the date on which the instrument could in due course of post, and if dispatched with due diligence, have been received in the United Kingdom (section 398). A copy of the instrument creating the charge will be accepted where the property charged is situated and the charge was created outside the United Kingdom (section 398) and in such cases the copy must be verified to be a correct copy either by the company or by the person who has delivered or sent the copy to the Registrar. The verification must be signed by or on behalf of the person giving the verification and where this is given by a body corporate it must be signed by an officer of that body. A verified copy will also be accepted where section 398(4) applies (property situate in Scotland or Northern Ireland) and Form No. 398 is submitted.
- 2 A description of the instrument, eg "Trust Deed", "Debenture", "Mortgage" or "Legal charge", etc, as the case may be, should be given.
- 3 In this section there should be inserted the amount or rate per cent. of the commission, allowance or discount (if any) paid or made either directly or indirectly by the company to any person in consideration of his;
 - (a) subscribing or agreeing to subscribe, whether absolutely or conditionally, or
 - (b) procuring or agreeing to procure subscriptions, whether absolute or conditional,for any of the debentures included in this return. The rate of interest payable under the terms of the debentures should not be entered.
- 4 If any of the spaces in this form provide insufficient space the particulars must be entered on the prescribed continuation sheet.
- 5 Cheques and Postal Orders are to be made payable to **Companies House**.
- 6 The address of the Registrar of Companies is:-
Companies House, Crown Way, Cardiff CF14 3UZ

Schedule to the foregoing Form 395

"Accession Agreement" means a letter, substantially in the form of Schedule 8 to the Credit Agreement;

"Additional Borrower" means a member of the Group which becomes a Borrower after 24 April 2002;

"Additional Guarantor" means a member of the Group which becomes a Guarantor after the date of this Agreement;

"Administrative Party" means a Mandated Lead Arranger, the Issuing Bank, the Security Trustee or the Facility Agent;

"Borrower" means HMV Group plc or an Additional Borrower;

"Chargor" means each of HMV Group plc, HMV Music Limited, the Company, HMV (IP) Limited and HMV UK Limited;

"Credit Agreement" means the £425,000,000 credit agreement dated 24 April 2002 between (among others) HMV Group plc (as borrower), the Chargors and the Facility Agent;

"Facilities" means the credit facility made available under the Credit Agreement;

"Fee Letter" means any letter entered into by reference to the Credit Agreement between one or more of the Administrative Parties and HMV Group plc setting the amount of certain fees referred to in the Credit Agreement;

"Finance Document" means:

- (a) the Credit Agreement;
- (b) a Security Document;
- (c) a Fee Letter;
- (d) the Intercreditor Agreement;
- (e) the Syndication Agreement;
- (f) an Accession Agreement;
- (g) any other document designated as such by the Facility Agent and HMV Group plc;

"Finance Party" means a Lender or an Administrative Party;

"Group" means HMV Group plc and its Subsidiaries;

"Guarantor" means HMV Group plc or an Additional Guarantor;

"Intercreditor Agreement" means the intercreditor agreement between, amongst others, HMV Group plc, EMI Group PLC and the Security Trustee in form and substance satisfactory to the Facility Agent;

"Issuing Bank" means The Royal Bank of Scotland plc;

"Lender" means:

(a) an Original Lender; or

(b) any person which becomes a Lender after the date of the Credit Agreement;

"Mandated Lead Arranger" means each of Dresdner Kleinwort Wasserstein and The Royal Bank of Scotland plc;

"Obligor" means a Borrower or a Guarantor;

"Original Lender" means each of Dresdner Kleinwort Wasserstein and The Royal Bank of Scotland plc;

"Secured Party" means each Finance Party and EMI Group PLC as agent and trustee for the EMI Guarantors (as such term is defined in the deed of secured counter indemnity dated 28th March 1998 and made between HMV Group plc and EMI Group PLC);

"Secured Liabilities" means all present and future obligations and liabilities (whether actual or contingent and whether owed jointly or severally or in any other capacity whatsoever) of each Chargor to any Secured Party under each Finance Document and Transaction Document to which such Chargor is a party, except for any obligation which, if it were so included, would result in the Security Agreement contravening Section 151 of the Companies Act 1985;

"Security Agreement" means a security agreement substantially in the form of Schedule 11 to the Credit Agreement;

"Security Document" means:

(a) each Security Agreement;

(b) any other document evidencing or creating security over any asset to an Obligor to secure any obligation of any Obligor to a Finance Party under the Finance Documents;

"Security Trustee" means The Royal Bank of Scotland plc;

"Syndication" means the primary syndication of the Facilities by the Mandated Lead Arrangers;

"Syndication Agreement" means the syndication agreement entered into in connection with Syndication in substantially the form of part II of Schedule 5 of the Credit Agreement;

"Subsidiaries" means an entity of which a person has direct or indirect control or owns directly or indirectly more than 50% of the voting capital or similar right of ownership and "control" for this purpose means the power to direct the management and the policies of the entity whether through the ownership of voting capital, by contract or otherwise;

"Transaction Document" means the deed of secured counter indemnity dated 28th March and made between HMV Group plc and EMI Group PLC (on behalf of itself and the EMI Guarantors referred to therein).

**Notice of registration in
Scotland or Northern Ireland
of a charge comprising property
situate there**

CHFP025

Please do not
write in
this margin

Pursuant to section 398(4) of the Companies Act 1985

Please complete
legibly, preferably
in black type, or
bold block letteringTo the Registrar of Companies
(Address overleaf)

Company number

610095

Name of company

* insert full name
of company

* Waterstone's Booksellers Limited (the "Company")

Tods Murray WS

of 66 Queen Street, Edinburgh EH2 4NE

§ give date and
parties to chargecertify that the charges dated 15 May 2002 by the Company in favour of The Royal
Bank of Scotland plc† delete as
appropriateof which a true copy is annexed to this form was presented for registration on 23 May 2002
in [Scotland] ~~[Northern Ireland]~~

Signed

Date 6-6-02

Presentor's name address and
reference (if any):Tods Murray WS
66 Queen Street
Edinburgh
EH2 4NEED58 Edinburgh
RMM.FPM.NXS.R0507.086

For official Use

Mortgage Section

Post room

FILE COPY



CERTIFICATE OF THE REGISTRATION OF A MORTGAGE OR CHARGE

Pursuant to section 401(2) of the Companies Act 1985

COMPANY No. 00610095

THE REGISTRAR OF COMPANIES FOR ENGLAND AND WALES HEREBY CERTIFIES THAT A STANDARD SECURITY WHICH WAS PRESENTED FOR REGISTRATION IN SCOTLAND ON THE 23RD MAY 2002 AND DATED THE 15th MAY 2002 AND CREATED BY WATERSTONE'S BOOKSELLERS LIMITED FOR SECURING ALL MONIES DUE OR TO BECOME DUE FROM THE COMPANY TO THE ROYAL BANK OF SCOTLAND PLC ACTING AS FACILITY AGENT UNDER THE TERMS OF THE AFOREMENTIONED INSTRUMENT CREATING OR EVIDENCING THE CHARGE WAS REGISTERED PURSUANT TO CHAPTER 1 PART XII OF THE COMPANIES ACT 1985 ON THE 6th JUNE 2002.

GIVEN AT COMPANIES HOUSE, CARDIFF THE 11th JUNE 2002.



THE OFFICIAL SEAL OF THE
REGISTRAR OF COMPANIES

R. Daw



Companies House

— for the record —